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MEMORANDUM

Arizona Corporation Commission

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AZ CORP COMMISSION

TO: THE COMMISSION

DOCKETED

Nov 25 9 11 AM '98

FROM: Executive Secretary

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DATE: November 24, 1998

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DOCUMENT CONTROL

RE: U S WEST Communications, Inc. (T-01051B-97-0024)
 Navajo Communications Company (T-02115-97-0041)
 Citizens Utilities Company (Mohave County) (T-01032-97-0042)
 Citizens Communications of the White Mountains (T-03213-97-0043),
 Applications to revise network services tariffs (Public Access Line Service)
 Arizona Public Service Company (E-01345A-97-0773)
 Filing of Unbundled Tariffs pursuant to A.A.C. R14-2-1601 et seq.
 Arizona Public Service Company (E-01345A-98-0473)
 Application for Approval of its Plan for Stranded Cost Recovery
 Tucson Electric Power Company (E-01933A-97-0772)
 Filing of Unbundled Tariffs pursuant to A.A.C. R14-2-1601 et seq.
 Tucson Electric Power Company (E-01933A-98-0471)
 Application for Approval of its Plan for Stranded Cost Recovery
 In the Matter of Competition in the Provision of Electric Service (RE-00000C-94-165)

On November 16, 1998, a Procedural Order was issued relating to the consolidated matters in Docket Nos. T-01051B-97-0024, T-02115-97-0041, T-01032-97-0042 and T-03213A-97-0043, the Public Access Line matters. That Procedural Order established a series of procedural dates culminating in a hearing on November 30, 1998, for the purpose of considering the Settlement Agreement submitted in these matters.

Thereafter, on November 23, 1998, as a result of their inability to meet the requisite deadlines, Utilities Division Staff ("Staff") submitted a Motion to Continue the procedural dates established by the referenced procedural order. In order to provide a full opportunity for responses to discovery and a full and fair consideration of the proposed settlement, it is appropriate that the procedural dates established by the November 16, 1998 Procedural Order be continued for two weeks.

U S WEST submitted a Response to Staff's Motion to Continue on November 24, 1998. Due to the unavailability of U S WEST's witness, an additional one week delay will provide additional time for review of the testimony submitted by Staff and APA. Upon review and consideration, it is the Executive Secretary's recommendation that all procedural dates should be delayed for three weeks and the hearing should commence on December 21, 1998.

On November 5, 1998, Staff filed a Request for Procedural Order to govern the Settlement Agreements between Staff and Tucson Electric Power Company ("TEP") and Staff and Arizona Public Service Company ("APS") regarding outstanding issues in docket numbers E-01933A-98-0471, E-01933A-97-0772, E-01345A-98-0473, E-01345A-97-0773 and RE-00000C-94-165. On November 13, 1998, a Procedural Order was issued establishing filing dates for intervenors as well as Staff, TEP and APS. On November 17, 1998, Staff filed a Request for Reconsideration and Modification of Procedural Order. On November 18, 19 and 20, Responses and/or Objections to Staff's Request for Reconsideration were submitted by the Attorney General's Office, Arizona Electric Power cooperative, the Residential Utility Consumer Office and Arizonans for Electric Choice and Competition.

Thereafter, on November 24, 1998, a Procedural Order was issued, finding that, other than the proposal to shorten the time frames for Staff, TEP and APS to file responsive testimony, the remaining proposals in Staff's Request for Reconsideration and Modification should be denied. That Procedural Order directed that a hearing commence on December 7, 1998. Upon review and consideration, it is the Executive Secretary's recommendation that the procedural schedule as requested in Staff's Request for Reconsideration and Modification of Procedural Order be approved.

Finally, Docket No. RE-00000C-94-165 encompasses the Commission's pending adoption of rules for the transition to retail electric competition in Arizona. On August 10, 1998, in Decision No. 61071, the Commission adopted certain modifications to A.A.C. R14-2-1601 et seq., on an emergency basis. Subsequent to the adoption of the emergency rule amendments, the Commission began proceedings to adopt the emergency rule changes on a permanent basis. On October 2, 1998, the Staff of the Commission filed its reply to the written comments submitted by other parties related to the specific changes to the rules, including certain specific recommendations for rule changes.

In addition, on November 24, 1998, Staff submitted additional comments, resulting from comments raised at public comment sessions held by the Commission and issues that arose during the course of pending CC&N proceedings. Staff's additional comments included additional recommendations, with specific language suggested for rule modification, as well as language to reflect the Secretary of State's request for format conformance with that office's standards. Upon review and consideration, the Executive Secretary recommends that the Commission mandate a recommended order approving final rules for adoption be issued by December 4, 1998.



Jack Rose
Executive Secretary

BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN
Commissioner-Chairman

RENZ D. JENNINGS
Commissioner

CARL J. KUNASEK
Commissioner

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF ITS
PLAN FOR STRANDED COST
RECOVERY

DOCKET NO. E-01345A-98-0473

IN THE MATTER OF THE FILING OF
ARIZONA PUBLIC SERVICE COMPANY
OF UNBUNDLED TARIFFS
PURSUANT TO A.A.C. R14-2-1601 et seq.

DOCKET NO. E-01345A-97-0773

IN THE MATTER OF THE APPLICATION
OF TUCSON ELECTRIC POWER
COMPANY FOR APPROVAL OF ITS
PLAN FOR STRANDED COST
RECOVERY

DOCKET NO. E-01933A-98-0471

IN THE MATTER OF THE FILING OF
TUCSON ELECTRIC POWER COMPANY
OF UNBUNDLED TARIFFS PURSUANT
TO A.A.C. R14-2-1601 et seq.

DOCKET NO. E-01933A-97-0772

Decision No. _____

IN THE MATTER OF COMPETITION IN
THE PROVISION OF ELECTRIC
SERVICES THROUGHOUT THE STATE
OF ARIZONA.

DOCKET NO. RE-00000C-94-0165

PROCEDURAL ORDER

Open Meeting
November 25, 1998
Phoenix, Arizona

BY THE COMMISSION

The Arizona Corporation Commission, having considered the positions and

1 arguments of the various parties to these proceedings, hereby establishes the procedural schedule set
2 forth herein.

3 THEREFORE IT IS ORDERED that the evidentiary hearing on these matters shall
4 commence on December 3, 1998, at 8:00 a.m. at the Commission's offices in Phoenix.

5 IT IS FURTHER ORDERED that the hearings shall begin at 8:00 a.m. each day,
6 including Saturday, December 5, 1998, and shall continue until 8:00 p.m. each day, or such other
7 time as is appropriate under the circumstances.

8 IT IS FURTHER ORDERED that all parties other than Staff, Arizona Public Service
9 Company ("APS") and Tucson Electric Power Company ("TEP") shall file testimony, comments,
10 disagreements regarding the Proposed Agreements by noon on November 30, 1998.

11 IT IS FURTHER ORDERED that Staff, APS and TEP shall file responsive testimony
12 by 4:00 p.m. on December 2, 1998. The formalities of a question and answer format shall not be
13 required, and Staff, APS and TEP shall be provided an opportunity to clarify or expand on this pre-
14 filed testimony during direct examination.

15 IT IS FURTHER ORDERED that all parties shall make every effort to provide same-
16 day delivery of all pre-filed testimony/comments/disagreements.

17 IT IS FURTHER ORDERED that APS and TEP shall make every effort to fax/hand
18 deliver a copy of this Procedural Order to all the parties by the end of business, November 25, 1998.

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1 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION
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5 COMMISSIONER - CHAIRMAN

COMMISSIONER

COMMISSIONER

6 IN WITNESS WHEREOF, I, JACK ROSE,
7 Executive Secretary of the Arizona Corporation
8 Commission, have hereunto, set my hand and
9 caused the official seal of this Commission to be
affixed at the Capitol, in the City of Phoenix, this ____
____ day of _____ 1998.

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11 JACK ROSE
12 Executive Secretary

13 DISSENT _____
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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 JIM IRVIN
Commissioner - Chairman
3 RENZ D. JENNINGS
Commissioner
4 CARL J. KUNASEK
Commissioner

5 IN THE MATTER OF THE APPLICATION OF)
6 U S WEST COMMUNICATIONS, INC. FILING)
7 TO REVISE ITS NETWORK SERVICES)
TARIFF (PUBLIC ACCESS LINE SERVICES).)

DOCKET NO. T-01051B-97-0024

8 IN THE MATTER OF THE FILING OF)
9 TARIFFS BY NAVAJO COMMUNICATIONS)
10 COMPANY.)

DOCKET NO. T-02115-97-0041

11 IN THE MATTER OF THE FILING OF)
12 TARIFFS BY CITIZENS UTILITIES COMPANY)
(MOHAVE COUNTY).)

DOCKET NO. T-01032-97-0042

Decision No. _____

13 IN THE MATTER OF THE FILING OF)
14 TARIFFS BY CITIZENS COMMUNICATIONS)
15 OF THE WHITE MOUNTAINS.)

DOCKET NO. T-03213-97-0043

PROCEDURAL ORDER

16 Open Meeting
November 25, 1998
17 Phoenix, Arizona

18 **BY THE COMMISSION**

19 On November 4, 1998, the Commission's Utilities Division Staff ("Staff") and the
20 Arizona Payphone Association ("APA") filed a Settlement Agreement regarding the above-captioned
21 matters, and requested that a hearing be set on the matters during November, 1998. On November
22 10, 1998, a Response to the Request for Procedural Order was submitted by U S West
23 Communications, Inc. ("U S West"), requesting that Staff's request for a hearing be denied. On
24 November 13, 1998, Navajo Communications Company, Inc., Citizens Utilities Company, Inc.,
25 Citizens Utilities Company (Mohave County) and Citizens Telecommunications Company of the
26 White Mountains (collectively "Citizens"), filed a Response to Staff's Request for Procedural Order,
27 also requesting that Staff's request be denied.

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1 On November 16, 1998, a Procedural Order was issued which, among other things,
2 consolidated these matters for hearing, and established dates for the submittal of
3 comments/disagreements regarding the Settlement, testimony on the part of the APA and Staff and
4 a hearing date of November 30, 1998. Thereafter, on November 23, 1998, Staff submitted a Motion
5 to Continue the hearing and all procedural dates for a period of two weeks, noting an inability to
6 complete preparations for the hearing as previously anticipated.

7 On November 24, 1998, U S West submitted a Response to the Motion to Continue,
8 requesting reinstatement of the previous procedural schedule and noting that the anticipated
9 procedural schedule as requested by Staff would only allow one day to review the testimony of
10 Staff's consultant. U S West further indicated that it's witness would be unavailable during the week
11 of December 14, 1998, due to prior commitments.

12 Staff's Motion to Continue is well taken and should be granted. However, the newly
13 established procedural schedule should provide an opportunity for review by U S West of the
14 testimony of Staff's consultant. In addition, the unavailability of U S West's witness should be
15 accommodated by extending the date for the hearing by an additional week.

16 Also, on November 24, 1998, Citizens filed an Objection to Lack of Notice of
17 Hearing and Request for Continuance. Citizens noted that it had not received a copy of the
18 November 16, 1998 Procedural Order. The procedural schedule adopted herein provides relief to
19 Citizens from the inadvertent omission to provide a copy of the November Procedural Order.

20 IT IS THEREFORE ORDERED that the hearing on the Settlement Agreement shall
21 be scheduled for December 21, 1998, at 9:30 a.m., or as soon as is practical, at the Commission's
22 offices at 1200 West Washington Street, Phoenix, Arizona.

23 IT IS FURTHER ORDERED that any party, including any intervenor, shall file
24 specific disagreements/comments regarding the Settlement Agreement no later than noon on
25 December 17, 1998.

26 IT IS FURTHER ORDERED that the APA and Staff shall identify their respective
27 witnesses and file testimony of those witnesses in support of the Settlement Agreement no later than
28 4:00 p.m. December 11, 1998, with copies also faxed or hand-delivered to the parties by 4:00 p.m.

1 IT IS FURTHER ORDERED that each day of the hearing in this matter be noticed
2 as a Special Open Meeting of the Commission, at which the Commission may vote on the above-
3 captioned matter.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION
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8 COMMISSIONER - CHAIRMAN

COMMISSIONER

COMMISSIONER

9
10 IN WITNESS WHEREOF, I, JACK ROSE,
11 Executive Secretary of the Arizona Corporation
12 Commission, have hereunto, set my hand and
13 caused the official seal of this Commission to be
14 affixed at the Capitol, in the City of Phoenix, this ____
15 ____ day of _____ 1998.

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17 JACK ROSE

Executive Secretary

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DISSENT _____

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BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN
Commissioner-Chairman
RENZ D. JENNINGS
Commissioner
CARL J. KUNASEK
Commissioner

IN THE MATTER OF THE COMPETITION IN)
THE PROVISION OF ELECTRIC SERVICES)
THROUGHOUT THE STATE OF ARIZONA.)
_____)

DOCKET NO. RE-00000C-94-165

Decision No. _____

PROCEDURAL ORDER

Open Meeting
November 25, 1998
Phoenix, Arizona

BY THE COMMISSION

Upon review and consideration of the written comments and public comment provided in this matter, the Arizona Corporation Commission hereby directs that a recommended order approving final amendments to the Retail Electric Competition Rules, A.A.C. R14-2-1601, et seq., be issued by December 4, 1998. The Commission also believes that, in light of the opportunity for the public and interested parties to provide comments to the Commission during both the adoption of emergency amendments to the rules and during this process of consideration of permanent amendments to the rules, a period of five days to file exceptions is appropriate.

IT IS THEREFORE ORDERED that a recommended order approving final amendments to the Retail Electric Competition Rules, A.A.C. R14-2-1601, et seq., be issued on or before December 4, 1998.

IT IS FURTHER ORDERED that exceptions to the recommended order shall be filed on or before December 9, 1998.

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1 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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5 COMMISSIONER - CHAIRMAN

COMMISSIONER

COMMISSIONER

6 IN WITNESS WHEREOF, I, JACK ROSE,
7 Executive Secretary of the Arizona Corporation
8 Commission, have hereunto, set my hand and
9 caused the official seal of this Commission to be
affixed at the Capitol, in the City of Phoenix, this ____
____ day of _____ 1998.

10
11 JACK ROSE

Executive Secretary

12 DISSENT _____